



State of Wisconsin
Department of Public Instruction
Elizabeth Burmaster, State Superintendent

****GUEST EDITORIAL ON FINANCIAL LITERACY****

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Preparing our students for success in personal finance

By State Superintendent Elizabeth Burmaster

The modern marketplace provides unprecedented opportunities to both save and invest money, meaning that today's students face more financial choices than any generation before them. Those choices require a foundation in personal finance so our young people can plan for their future.

Up to 80 percent of our students are working and earning wages before they reach that major milestone of adulthood—graduating from high school. There is no question that young people gain valuable experiences while working, but along with a job comes the need for responsible use of their wages.

Nearly one-third of our students have personal checking accounts and credit cards in their own names, and most have ready access to local or Internet shopping without equal access to opportunities to save for their future. Among adults, the last decade has brought with it a major increase in the use of nontraditional credit products that can have annualized interest rates of 300 percent to 1,000 percent. Additionally, personal bankruptcies have increased 105 percent over the past 15 years. These facts contribute to the need for a more focused approach to personal finance instruction for our students while they are in school and for their future.

With the majority of students working, they need to learn how to manage income to achieve a balance between spending and saving so their wages include the possibilities of further education, saving for a first home, or starting a business. By gaining a background in personal finance, our young people can avoid the huge social and economic impact of inadequate savings or excessive debt that can lead to family and financial stress. We want our students to have a knowledge of personal finance that helps them accomplish their dreams.

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In the coming weeks, I will appoint a task force on Wisconsin Model Academic Standards for Personal Finance. Supported by Secretary Lorrie Keating Heinemann, her staff at the Department of Financial Institutions, and William Wilcox, president of CBM Credit Education Foundation Inc. in Madison, the task force will be co-chaired by James R. Morgan, vice president of education and programs, Wisconsin Manufacturers and Commerce in Madison, and Annette O'Hern, business education teacher, La Crosse School District. The State Superintendent's Task Force on Wisconsin Model Academic Standards for Personal Finance will review existing state and national standards and determine what our students should know and be able to do in the area of personal finance. Educators will then use these standards to advance our students' financial literacy.

Wisconsin is a leader in developing model academic standards that provide the foundation for classroom teaching and learning. The Model Academic Standards for Personal Finance will be similar to previously established standards in content areas such as English/language arts, mathematics, social studies, and science. Consistent with Wisconsin standards in 18 other academic subject areas, the personal finance standards will include content and performance standards benchmarked to the end of fourth, eighth, and 12th grades. The standards will reflect the broad definition of personal finance and will include the application of knowledge, attitudes, and skills to address a variety of life and work issues, such as

- managing money and budgeting;
- earning, saving, spending, and investing;
- paying taxes and using credit;
- managing risk and insurance;
- forming contractual relationships; and
- acting ethically.

The personal finance standards developed by this task force and implemented by our teachers will help students develop the competence and confidence to deal with personal finance now and in the future. Preparing young people to understand and actively participate in their financial well-being is vital to our students, the stability of our communities, and the growth of our state's economy.

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Elizabeth Burmaster is the elected state superintendent of public instruction.

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